

SBA ANNOUNCES PILOT PROJECT TO BOOST FEDERAL CONTRACTS TO "VERY SMALL BUSINESSES"

Small businesses with fewer than 15 employees will get the first shot at federal contracts under \$50,000 in 10 regions around the country under a new U.S. Small Business Administration (SBA) pilot program announced on September 2, 1999 by the SBA. "The announcement strengthens SBA's commitment to help the nation's smallest businesses get a foot in the doorway of the \$200 billion federal marketplace for goods and services," SBA Administrator Aida Alvarez said. "These emerging businesses are proven job creators, but they have been inhibited by their size in competing for lucrative federal contracts. Now we're going to see what happens when they get the first shot."

The regulations governing the Very Small Business Set-Aside Pilot Program were published in the federal register and are effective until September 30, 2000. The rules define a "very small business" (VSB) as one with 15 or fewer employees together with less than \$1million in average annual receipts. Federal contracts ranging in size from \$2,500 to \$50,000 for those businesses are set-aside for VSB concerns, if certain criteria are met.

Under the pilot program, federal procurement contracts between \$2,500 and \$50,000 must be set aside and reserved for VSB firms if:

- The contract activity - whether it involves the sale of goods or services - will be performed in one of the 10 geographical areas included in the pilot, and
- There is a reasonable expectation of obtaining competitive bids from two or more responsible VBS firms that are headquartered in that same geographical area.

In FY1997 there were 247,381 federal contracts under \$50,000. They had a total dollar value of nearly \$5.2 billion and amounted to about 2% of all federal contracts. The program is being piloted in the areas served by the SBA district offices in Albuquerque, NM; Los Angeles, CA; Boston, MA; Louisville, KY; Columbus, OH; New Orleans, LA; Detroit, MI; Philadelphia, PA; El Paso, TX; and Santa Ana, CA. A complete listing of the areas served by the pilot SBA District Offices can be obtained by accessing the SBA website at <http://www.sba.gov/news/current/98-74> .

SBA Los Angeles District includes the counties of Los Angeles, Santa Barbara and Ventura.

SBA Santa Ana District includes the counties of Orange, Riverside and San Bernardino.

SBA has determined that for the purposes of the pilot program, the areas covered by the Los Angeles and Santa Ana district offices will be considered to be a single geographical area.

SBA Louisville District Office includes the entire state of Kentucky.

Virginia is not currently identified as one of the 10 pilot regions.